federal register

Tuesday
December 23, 1980

Part V

Department of Energy

Economic Regulatory Administration

Voluntary Guideline for the Master Metering Standard Under the Public Utility Regulatory Policies Act of 1978; Proposed Guideline and Public Hearing

DEPARTMENT OF ENERGY

Economic Regulatory Administration

[Docket No. ERA-R-80-40]

Voluntary Guideline for the Master Metering Standard Under the Public Utility Regulatory Policies Act of 1978, Proposed Guideline and Public Hearing

AGENCY: Economic Regulatory Administration, Department of Energy.

ACTION: Notice of proposed guideline and public hearing.

SUMMARY: Title I of the Public Utility Regulatory Policies Act of 1978 (PURPA) establishes certain Federal purposes and policy standards for the regulation of electric utilities and imposes a set of obligations upon State regulatory authorities and certain nonregulated utilities with respect to the standards established by sections 111 and 113.

Pursuant to section 131 of PURPA, the Secretary of Energy may prescribe voluntary guidelines respecting consideration of the standards for electric utilities, The Appendix to this Notice is the proposed voluntary guideline respecting the master metering standard established by section 113(b)(1) of PURPA. Written comments will be received and a public hearing will be held with respect to the proposed guideline.

DATES: Written comments must be received by February 23, 1981 4:30 p.m., e.s.t. A public hearing will be held beginning at 9:30 a.m., local time, on the date and location specified below:

City	Hearing date	Request to testify to be received by	Submit request to testify to	Hearing location
Washington, D.C.	Jan. 27, 1981	Jan. 19, 1981	Karene Walker, DOE/ERA, Room B210, 2000 M St. NW., Washington, D.C. 20461, telephone 202/653-3986.	Room 2105, 2000 M St., Washington, D.C.

FOR FURTHER INFORMATION CONTACT:

Stephen S. Skjei, Division of Rates and Energy Management, Office of Utility Systems, Economic Regulatory Administration, Department of Energy, 2000 M Street, N.W., Room 4016D, Washington, D.C. 20461, telephone (202) 653-3913. William L. Webb, Office of Public Information, Economic Regulatory Administration, Department of Energy, 2000 M Street, N.W., Room B110, Washington, D.C. 20461, telephone (202) 653-4055. Arthur Perry Bruder, Office of the General Counsel, Department of Energy, 1000 Independence Avenue, S.W., Room 6B-128, Washington, D.C. 20585, telephone (202) 252-9516. Cynthia Ford, Office of Public Hearings Management, Economic Regulatory Administration, Department of Energy, 2000 M Street, N.W., Room B210, Washington, D.C. 20461, telephone (202) 653-3971.

SUPPLEMENTARY INFORMATION:

I. Background

Master metering is the use of a common meter to measure the electrical consumption of more than one unit in a multiunit building. The meter is owned and maintained by the utility and the building owner/manager is responsible to the utility for paying the monthly energy bills. The building owner/manager recoups electric energy costs from each tenant as part of the monthly rent or fee.

Section 113(b)(1) of the Public Utility Regulatory Policies Act of 1978 (PURPA), Pub. L. 95-617, 92 Stat. 3117 *et seq.* (16 U.S.C. 2601 *et seq.*) establishes a standard for master metering. This standard, which must be considered by State regulatory authorities and certain nonregulated electric utilities in a manner specified by PURPA, requires:

> To the extent determined appropriate under section 115(d), master metering of electric service in the case of new building shall be prohibited or restricted to the extent necessary to carry out the purposes of this title.

Section 115(d) provides that separate metering shall be determined appropriate for any new building for purposes of section 113(b)(1) if—

> (1) there is more than one unit in such building,
>
> (2) the occupant of each such unit has control over a portion of the electric energy used in such unit, and
>
> (3) with respect to such portion of electric energy used in such unit, the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters in such buildings.

The PURPA Conference Report indicates that the States and covered nonregulated electric utilities should be guided in prohibiting master metering by the balance between the cost of purchasing and installing individual meters in new multiunit buildings and the value of the electric energy to be saved over the anticipated useful life of the building. The Conferees concluded that the case for prohibiting master metering is strong where the occupants of a building use significant amounts of electric energy and control their individual use of electricity. In general, building occupants will most likely consume less electricity when faced with paying individually for their consumption than if such expenditures are not directly their responsibility.

Experience has shown that the percentage of energy conservation to be expected when comparing residential individual metering to master metering is 10 percent to 35 percent for cooling, lighting and appliances; 5 percent to 25 percent for total electric; and zero to 20 percent for space heating and hot water.

II. Guideline Issues

DOE encourages State regulatory authorities and nonregulated electric utilities to prohibit master metering for new buildings which meet the requirements set forth in PURPA section 115(d).

Three major issues should be addressed in considering the master metering standard. These issues include (a) impact on the three purposes of PURPA, (b) economic factors, and (c) building categories and restrictions on master metering.

A. Impact on the Three Purposes of PURPA.— The master metering standard provides that master metering shall be prohibited or restricted to the extent necessary to carry out the purposes of Title I of PURPA. These purposes are to encourage (1) the conservation of energy supplied by electric utilities; (2) the efficient use of utility facilities and resources; and (3) equitable rates to consumers. DOE's position, as set forth in the proposed guideline, is that prohibiting master metering in new buildings, in accordance with PURPA section 115(d), furthers the three purposes of Title I.

When occupants of multiunit buildings are responsible for paying for their own consumption of electric energy, they are motivated to use electricity more prudently. End-use conservation will be encouraged since building occupants will have a clearer signal of the cost of providing electric service and will tend to reduce "wasteful" consumption. Utility efficiency, which relates to the conservation of all resources used in the generation, transmission, and

distribution of electric power, will also be promoted. Building occupants will determine their consumption, and indirectly the utility's need for new facilities, in accordance with the costs of providing such service. Finally, since occupants will be responsible for paying for the costs of their own consumption, equity among the building occupants, relative to electric energy costs, will be advanced.

B. Economic Factors.—Section 115(d) of PURPA sets forth three conditions for determining if individual metering is appropriate. Of these, the first two conditions are self explanatory, while the third, which requires a cost/benefit analysis of individual metering, deserves some discussion. To determine whether individual metering is cost beneficial, and thus appropriate, the present value of the avoided costs of the electric energy conserved over the useful life of the building should be compared to the present value of additional costs associated with individual metering. This analysis should be the responsibility of a utility or other party which is asserting that individual metering is not appropriate for a multiunit building. In making these calculations, the marginal costs of electricity should be used to determine the value of electric energy to consumers. Marginal costs provide a price which reflects the resource cost of producing one more or one less kilowatt-hour or kilowatt of electricity.

C. Building Categories and Restrictions on Master Metering.—In general, the standard should apply to all new buildings and existing buildings which are renovated to such an extent that the electrical systems could be modified to accommodate individual metering. The decision to use a master meter for any building should be made on the basis of the requirements set forth in section 115(d) of PURPA. Master metering may be considered appropriate to a limited extent in certain buildings such as those having an accurate submetering arrangement under the master meter or those having a combination of individual metering and master metering based on a cost/benefit analysis of each. In addition, the master metering standard may not be cost beneficial for certain building categories, e.g., hotels, motels, hospitals and schools, and other buildings used for transient occupancy.

III. The Proposed Guideline

Comments are invited on all aspects of the proposed guideline. The guideline, when promulgated in final form, will be advisory in nature and not legally binding. It will, however, constitute DOE policy respecting consideration of the Federal standard for master metering.

IV. Written Comments and Public Hearing Procedures

A. Written Comments.—The public is invited to participate in this proceeding by submitting to DOE's Economic Regulatory Administration (ERA) information, views or arguments with respect to the proposal set forth in the Appendix to this Notice. Comments should be submitted by 4:30 p.m. (60 days from date of publication), to the Public Hearings Division, Economic Regulatory Administration, Room B–210, 2000 M Street, N.W., Washington, D.C. 20461, and should be identified on the outside of the envelope and on documents submitted with the designation: "Proposed Voluntary Guideline on Master Metering, Docket No. ERA–R–80–40". Ten copies should be submitted. All comments received will be available for public inspection in the DOE Reading Room, 1E–190, James Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. 20585, and the ERA Office of Public Information, Room B–110, 2000 M Street, N.W., Washington, D.C. 20461, between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday.

Pursuant to the provisions of 10 CFR 1004.11 (44 FR 1908, January 8, 1979), any person submitting information which he or she believes to be confidential and which may be exempt by law from public disclosure should submit one complete copy and ten copies from which information claimed to be confidential has been deleted. In accordance with the procedures established at 10 CFR 1004.11, DOE shall make its own determination with regard to any claim that information submitted be exempt from public disclosure.

B. Public Hearing—(1) *Procedures for Request to Make Oral Presentation.* The time and place for the hearing are indicated in the "DATES" section of this Notice. Any person who has an interest in this proposed guideline or represents a person, group or class of persons that has an interest, may make a written request for an opportunity to speak at the public hearing. Requests to speak should be sent to the address shown in the "DATES" section and be received by January 19, 1981. The request should include a telephone number where the speaker may be contacted through the day before the hearing.

All persons participating in the hearing will be so notified on or before January 22, 1981. Speakers should submit 100 copies of their hearing testimony for distribution at the hearing by 4:30 p.m., January 26, 1981, to the Office of Public Hearings Management, U.S. Department of Energy, Room B–210, 2000 M Street, N.W., Washington, D.C. 20461.

(2) *Conduct of the Hearing.* DOE reserves the right to select the persons to be heard at these hearings (in the event there are more requests to be heard that time allows), to schedule their respective presentations, and to establish the procedures governing the conduct of the hearings. The length of each presentation may be limited, based upon the number of persons requesting to be heard.

A DOE official will be designated to preside at each of the hearings. These will not be judicial or evidentiary-type hearings. Questions may be asked only by those conducting the hearings, and there will be no cross-examination of persons presenting statements. At the conclusion of all initial oral statements, each person who has made an oral statement will be given the opportunity to make a rebuttal statement. The rebuttal statements will be given in the order in which the initial statements were made and will be subject to time limitations.

Any person at the hearings who wishes to ask questions may submit the questions, in writing, to the presiding officer. The presiding officer will determine whether these questions are relevant and whether time limitations permit them to be presented for answers. Any further procedural rules neded for the proper conduct of a hearing will be announced by the presiding officer.

A transcript of the hearing will be made, and the entire record of the hearings, including the transcripts, will be retained by DOE and made available for inspection at the Freedom of Information Office, Room 1E–190, Forrestal Building, 1000 Independence Avenue, S.W., Washington, D.C. between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, and at the Office of Public Information, Economic Regulatory Administration, Room B–110, 2000 M Street, N.W. Washington, D.C. 20461.

In the event that it becomes necessary to cancel a hearing, every effort will be made to publish advance notice of the cancellation in the **Federal Register**, and DOE will notify all persons scheduled to testify at the hearing.

Since it is generally not possible to give actual notice of cancellations or changes to persons not participants, persons desiring to attend a hearing are advised to contact DOE on the last working day before the hearing to confirm that it will be held as scheduled.

Public Utility Regulatory Policies Act of 1978, Pub. L. 95–617, 92 Stat. 3117 *et seq.* (16 U.S.C. 2601 *et seq.*); Department of Energy Organization Act, Pub. L. 95–91 (42 U.S.C. 7101 *et seq.*))

Issued in Washington, D.C. on December 12, 1980.

Hazel R. Rollins,

Administrator, Economic Regulatory Administration.

Appendix—PURPA Voluntary Guideline Number 6: Master Metering

A. Introduction

On November 8, 1978, the President signed into law the Public Utility Regulatory Policies Act of 1978 (PURPA), Pub. L. 95–617, 92 Stat. 3117 *et seq.* (16 U.S.C. 2601 *et seq.*) as one part of the National Energy Act.

Section 113(b)(1) of PURPA establishes a standard for master metering which State regulatory authorities and certain nonregulated electric utilities must consider in a manner specified by PURPA. The standard provides that, to the extent determined appropriate under section 115(d), master metering of electric service in the case of new buildings shall be prohibited or restricted to the extent necessary to carry out the purposes of Title I. Master metering, as used in this guideline, means the use of a common meter to measure the electrical consumption of more than one unit in muitiunit buildings.

Under section 115(d) of PURPA, master metering shall be prohibited or restricted for any new building for purposes of section 113(b)(1) if:

(1) there is more than one unit in such building,

(2) the occupant of each such unit has control over a portion of the electric energy used in such unit, and

(3) with respect to such portion of electric energy used in such unit, the long-run benefits to the electric consumers in such building exceed the costs of purchasing and installing separate meters in such building.

B. Coverage of the Guideline

This guideline covers the PURPA standard on master metering for covered electric utilities.

C. Definitions

As used in this guideline, except as otherwise specifically provided—

"Avoided costs" means the incremental costs to a consumer of electric energy or capacity or both which, but for conservation, such consumer would purchase from the electric utility.

"Electric consumer" means any person, State agency or Federal agency to which electric energy is sold other than for purposes of resale.

"Electric utility" means any person, State agency, or Federal agency which sells electric energy.

"Individual metering" means the use of a separate meter to measure the electrical consumption of an individual unit in multiunit residential, commercial or industrial buildings.

"Nonregulated electric utility" means any electric utility other than a State regulated electric utility.

"Present value" means the current equivalent of a future amount of money which, if invested at a given rate of interest, will exactly equal the future amount at a stated future time. For example, at 10 percent interest, $110 one year from now has a present value of $100. Thus, the present value of $110 one year from now is $100.

"Rate" means (a) any price, rate, charge, or classification made, demanded, observed, or received with respect to sale of electric energy by an electric utility to an electric consumer, (b) any rule, regulation, or practice respecting any such rate, charge, or classification, and (c) any contract pertaining to the sale of electric energy to an electric consumer.

"Rate schedule" means the designation of the rates which an electric utility or nonregulated electric utility charges for electric energy.

"State agency" means a State, political subdivision thereof, and any agency or instrumentality of either.

"State regulatory authority" means any State agency which has ratemaking authority with respect to the sale of electric energy by any electric utility (other than such State agency), and in the case of an electric utility with respect to which the Tennessee Valley Authority has ratemaking authority, such term means the Tennessee Valley Authority.

"Ultimate consumer" means the end-user of electric energy.

D. DOE Guidance

This guideline is organized around three major issues which should be addressed in the consideration of the master metering standard. The second issue is especially relevant for utility determinations regarding the applicability of the standard to a particular building. The issues are the following:

(1) impact on the three purposes of PURPA,

(2) economic factors, and

(3) building categories and restrictions on master metering. Each of these issues is discussed below:

1. *Impact on the three purposes of PURPA.* The master metering standard provides that master metering shall be prohibited or restricted to the extent necessary to carry out the purposes of Title I of PURPA. These purposes are to encourage (1) the conservation of electric energy; (2) the efficient use of utility facilities and resources; and (3) equitable rates to consumers.

In general, individual metering promotes the three purposes of PURPA by providing consumers with information about the costs of their energy usage. Individual metering affords consumers an opportunity to lower their electric energy costs by prudently using electric energy during the utility's peak usage periods and by implementing other conservation measures. As a consequence, end-use conservation and efficient use of utility resources may be promoted. Equity may also be promoted because individual users will pay rates which reflect the costs of the electricity they consume in any time period. The impacts of individual metering on the three purposes of PURPA should be addressed by State regulatory authorities and covered nonregulated electric utilities in the consideration of the standard.

2. *Economic Factors.* Section 115(d)(3) of PURPA provides that individual metering is appropriate if the long-run benefits to the electric consumers exceed the additional costs associated with individual metering. Long-run benefits should be evaluated in terms of the avoided costs of electric energy conserved by the ultimate consumer over the useful life of the building involved. This analysis should be the responsibility of a utility or other party which is asserting that individual metering is not appropriate for a multiunit building. In performing this analysis, the following should be addressed:

(a) The present value of electric energy consumed by all units with master metering;

(b) The present value of electric energy consumed by all units with individual metering;

(c)The present value of metering costs to the ultimate consumers of electric energy with master metering; and

(d) The present value of metering costs to the ultimate consumers of electric energy with individual metering.

In making these calculations the marginal costs of electricity should be used to determine the value of electric energy to consumers. Marginal costs provide a price which reflects, to the maximum extent practicable, the resource cost of producing one more or one less kilowatt-hour or kilowatt. In this way, consumers will receive pricing signals that inform them of the cost effect of an alteration in their electricity consumption and permit them to make consumption decisions based on the actual cost incurrence such consumption will entail for the system. Scarce resources should be used to produce a good, only if consumers are willing to pay a price for it which equals or exceeds the value of the resource needed to produce it.

Where additional costs are incurred to accommodate individual metering, e.g., increased investment in wiring or conduit, these may be passed on by the building owner/manager, through rents or fees, to the building occupants. These costs should also be considered in arriving at the net present value of the decision.

The amount of electric energy expected to be used per unit with master metering compared to individual unit metering will vary depending on the electrical loads under the control of the ultimate consumer. Limited empirical data in this area for residential buildings may be obtained through the office of Utility Systems, Economic Regulatory Administration, DOE. The data compares individually metered multiunit buildings relative to master metered multiunit buildings of similar construction and using similar electrical systems.

Although, for purposes of this guideline, benefits to the ultimate consumer generally mean financial benefits, the national benefits of energy conservation in general and a reduction in the use of scarce fossil fuels in particular, are also important considerations in implementing this standard.

3. *Building Categories and Reductions on Master Metering.* In general, the standard

should apply to new residential, commercial and industrial buildings. In addition, DOE recommends that it also apply to existing buildings which are renovated to such an extent that the electrical systems, especially wiring, could be modified to accommodate individual metering.

Due to the nature of some types of buildings, individual metering may not be cost effective. Among the types of buildings for which a prohibition of master metering may not be cost effective are those having a submetering arrangement for accurately distributing electric energy costs among building occupants in direct proportion to their consumption. For other buildings, it may be necessary to include a combination of individual metering and master metering based on the cost/benefits of each.

In some other instances it may be possible to determine that certain building categories are not covered by the standard based on a cost/benefit analysis for that category. Such determinations will most likely apply to buildings primarily used for transient occupancy, e.g., hotels, motels, hospitals and schools.

The decision to prohibit master metering in commercial and industrial buildings is more complex than for residential buildings since individual units (walls or partitions) in such buildings may not be permanent or well defined. In addition, commercial and industrial building owners/managers may be better able to conserve energy by taking advantage of interruptible rates or using load management techniques than would individual unit occupants. Therefore, in determining whether the master metering standard should apply to a particular building, the permanence of individual units within the building as well as the conservation potential of individual metering relative to master metering should be considered. DOE recommends that utilities be given the authority to determine the applicability of the standard to individual buildings.

[FR Doc. 80-39715 Filed 12-22-80; 8:45 am]

BILLING CODE 6450-01-M